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11 UNITED STATES DISTRICT COURT  
12 NORTHERN DISTRICT OF CALIFORNIA  
13 SAN JOSE DIVISION

14 In re CISCO SYSTEMS INC. SECURITIES  
15 LITIGATION,

16 This Document Relates to: ALL ACTIONS  
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Master File No.: CV-01-20418 JW

CLASS ACTION:

**DEFENDANT  
PRICEWATERHOUSECOOPERS  
LLP'S JOINDER AND  
MEMORANDUM IN SUPPORT OF  
DEFENDANTS' PROPOSED  
ORDER RE SEQUENCE OF  
EXPERT REPORTS**

**Date: May 9, 2005**

**Time:**

**The Honorable Judge J. Ware**

Heller  
Ehrman LLP

1 Defendant PricewaterhouseCoopers LLP (“PwC”) submits this memorandum in  
2 support of Defendants’ Proposed Second Amended Scheduling Order, and in particular, in  
3 support of the entry of a scheduling order that requires Plaintiffs to make their Rule  
4 26(a)(2)(B) expert disclosures prior to Defendants’ expert disclosures.

5 PwC agrees with the Cisco Defendants that the only sensible way to proceed in this  
6 matter is to direct that Plaintiffs must first disclose those theories and transactions, among  
7 the various and sundry theories and transactions identified in their nearly two hundred page  
8 First Amended Complaint,<sup>1</sup> upon which they actually intend to offer expert testimony, so  
9 that the defendants may tailor their expert reports to address only those issues which  
10 plaintiffs intend to pursue at trial. PwC joins in the Cisco Defendants’ Memorandum In  
11 Support Of Defendants’ Proposed Second Amended Scheduling Order and the arguments  
12 therein, and writes separately to clarify that the arguments advanced by the Cisco  
13 Defendants apply with equal force to defendant PwC.

14 As the Cisco Defendants point out, Plaintiffs’ First Amended Complaint advances  
15 numerous and at times conflicting theories of wrongdoing over a year and half time period  
16 including, without limitation, allegations concerning acquisition strategy, conflicts of  
17 interest, self-dealing and insider trading, and various allegations concerning revenue  
18 recognition, inventory, accounts receivables reserves, and other issues. As to PwC  
19 Plaintiffs allege that Cisco’s financial statements, audited by PwC, failed to comply with  
20 Generally Accepted Accounting Principles (“GAAP”) and that PwC’s audits of Cisco failed  
21 to comply with Generally Accepted Auditing Standards (“GAAS”). But the scattershot  
22 nature of Plaintiffs’ allegations provides little guidance to PwC as to which theories  
23 plaintiffs intend to pursue at trial, which transactions plaintiffs will attempt to prove do not  
24 comply with GAAP, or which aspects of PwC’s audits plaintiffs will contend fail to comply  
25 GAAS.

26 PwC believes that Cisco’s financial statements were consistent with GAAP and that

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28 <sup>1</sup> First Amended Consolidated Complaint for Violation of the Securities Laws.

1 its audits of Cisco were in accordance with GAAS. PwC can undoubtedly submit an expert  
2 report that opines generally that Cisco's financial statements complied with GAAP and that  
3 PwC's audits were in accordance with GAAS. But such a generalized report is unlikely to  
4 provide significant assistance to either the Court or the parties in understanding PwC's  
5 position with respect to the important issues for trial. Conversely, PwC could speculate as  
6 to which theories, transactions or audit procedures on which plaintiffs will offer expert  
7 testimony. But either of these approaches is likely to be unnecessarily wasteful of both  
8 judicial and client resources.

9 PwC respectfully submits that no purpose is served by requiring defendants to  
10 submit expert reports simultaneously with Plaintiffs and requests that the Court adopt  
11 Defendants' proposed Second Amended Scheduling Order, attached as Exhibit 3 to the  
12 Memorandum of the Cisco Defendants.

13  
14 DATED: April 4, 2005

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